

FREQUENTLY ASKED QUESTION # 8: WHAT DO I NEED TO KNOW ABOUT “LEAVE BUY BACKS?”



BACKGROUND:

The Department of Labor (DOL) pays salary compensation to employees who are deemed “disabled” from working based on the employee’s gross wages. The compensation is tax free and paid at the rate of two-thirds of the salary if the employee has no dependents and three-fourths of the salary if one or more dependents are claimed.

Employees who have used up their entitlement to Continuation of Pay (COP) and employees who have filed claims for Occupational Disease may elect to use their annual or sick leave balances for periods of disability instead of immediately requesting salary compensation through the DOL. In order to get direct compensation from DOL an employee must have an accepted claim and be in a non-pay status. Often employees prefer to use their own sick or annual leave and avoid disruption of their regular pay while they wait for notification of claim acceptance from the DOL.

If you use annual or sick leave as described above, you need to be aware that your agency will allow you to “repurchase” or “buy back” annual or sick leave used. The money to repurchase your leave comes, in part, from the DOL.

- You must submit your request for a Leave Buy Back to your supervisor within one year of the Office of Workers’ Compensation Programs (OWCP) approval of your injury claim.

KEY POINTS:

If you elect to request a “leave buy back,” you need to be aware of the following:

- You will be required to reimburse your agency the difference between the amount of compensation entitlement from DOL and the total value of the leave for which your agency has already paid you.
- You cannot repurchase leave used during the period you were eligible for COP.
- You must buy back the entire period of leave requested on your CA-7. You cannot apply the DOL compensation to only the number of days it will cover.
- If the payment is made during the same year that the leave was used, your earnings are reduced by the amount repaid. Compensation received from DOL is exempt from State and Federal taxes. If the leave repurchase is not completed during the same year in which leave is used, you may not adjust the prior year withholdings statement. You may claim the amount of leave paid as an employee expense if you itemize your deductions on your Federal tax returns.
- Because your pay status will be changed to Leave Without Pay, entitlement to leave and benefits may be impacted. For every eighty (80) hours you are in a LWOP status, annual and sick leave are not earned. Contributions to the Thrift Savings Plan (TSP) are not made during LWOP.
- The leave you are repurchasing will not be restored to your leave account(s) until the entire bill due from you has been paid.

INSTRUCTIONS:

[See LBB Instructions – Employee](#)

**Questions? Contact the ARC WC Specialist at (304) 480-8229
or email questions to WorkersComp@bpd.treas.gov**